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We are not working as a nation and we are not producing what we should turn out. That being so, what's the answer? High prices—the continuance of high prices—until labor and production, after a long period of time, one must surmise, adjusts the whole situation. And there you are."

Which of course may be true, but the majority of merchants seem to think that the cut will stick, and that from now on folks will be able to get as much for 75 or 80 cents as they have been getting out of a dollar. It means that up goes the value of the American Iron Man. J. Philip Bird, for example, thinks the price reduction was a natural reaction from a period of profit taking which lasted through and after the war. "The reason for the reduction," said Mr. Bird, who is the general manager of the National Association of Manufacturers and so has his pulse on trade throughout the country, "is the halting of luxury buying by the public and the tightening of credit by the Federal Reserve Bank. For more than three years retailers have been competing with each other to get goods, and this competition brought inflation, running prices up higher than the traffic could stand. The public quit buying. It means, too, that there will be a lessening of the money market and retailers, so that we will have a chance to catch up with production of production with us."

Capt. George D. Iverson, Jr., a Baltimore manufacturer, thought that a permanent reduction in living costs depended largely upon the railroad and their transportation facilities. He said, too: "The Government can absolutely control the price situation by controlling the transportation of goods. That forces the jobbers and retailers because they have got to get the money. And that means a lowering of prices."

Other opinions in similar vein centered around the fact that retailers have been raising prices without a good economic basis for the action. "The present situation of high prices is due to the high wages of labor during and after the war, and of the cost of production that resulted. Now the retailers are alarmed. When one retailer cuts he makes others cut to keep even with him. The same thing is happening in the wholesale trade," was the way the several merchants expressed it.

The factor that stood out most importantly in the whole situation was the campaign of the Federal Reserve Board for lower prices. The drive at first was against speculation in stocks and commodities. Then it turned squarely to the stores and shops and the sale of necessities of life. The banks put on the screws at the demand of the dominant board.

Effect of the Policy.

It was said yesterday that this policy has been effective in reducing speculative loans against securities to the extent of hundreds of millions of dollars. Banks in the wholesale dry goods district and general merchandise district have been proceeding along these lines of tightening credit, and there is no doubt that this strategy had put on sale at once at a sudden, sharp and surprising come down on the part of the merchants. Downtown banks which control in a large measure the operations of uptown banks are reported to have issued a statement of refusal of loans to merchants who for any reason fail to comply with the Government's programme or show themselves to be obdurate.

Importers and dealers in luxuries are said to have received a friendly tip from the banks that only very moderate commodities could be expected at this time, and that they would go slowly if they were real wise folk. The president of a bank in the shoe and leather district is authority for the statement that loans to dealers in leather goods and in rubber goods are smaller now than at any period in the last eighteen months.

A powerful factor in the situation was the outbreak of railroad strike and the inability of shippers and manufacturers to get goods to market. Since the goods couldn't be sold the loans on them couldn't be liquidated. Retailers were forced to convert goods into cash. A New England manufacturer of woollens said that the country is beginning the economic readjustment that was absolutely certain to come.

"Production," he said, "has been trying to catch up with demand. Production has progressed far enough to make itself felt. In other words, we are getting back to competition in retailing. Since the war conditions were altogether in favor of the seller. The pendulum is swinging the other way. Soon conditions will be altogether in favor of the buyer. We are in that stage already. We are getting back to the condition of a buyers' market, where the buyer discriminates and picks and chooses and almost makes his own price. The period of speculation in goods has come to an end."

"I would not say that prices will drop to the pre-war level. There is no surplus of goods at yet. Labor is a little higher, and so are other fundamental costs. But we are eliminating the speculative jobber, and a great step has been taken for national comfort and happiness. It looks like a permanent cut of anywhere from 20 to 25 per cent. pretty much all along the line."

Advertising Tells Story.

The advertisements carried by afternoon newspapers yesterday told the price cutting story pretty adequately. Some of the lines in the big ads. went like this:

"Reductions of \$23 to \$70 in women's high class capes, cape-wraps and wrap-coats."

"Fifty per cent. off on our entire stock of misses' and children's hats."

"Any suit, coat or dress at half price."

"Finest grade shoes in the house \$11—formerly \$18."

These were typical advertisements illustrative of the change that swept over the city, almost in a night. The best thing about it was that it was real—no bunk, as they say in some circles of our city. Shops in Fifth Avenue that had been charging \$18, \$20 and even \$24 for men's shoes were taking \$12 and \$14 and pretending to like it. There were heavy cuts in women's wear, especially suits in one shop dropping from \$135, \$175 and \$180 down to \$110, \$90 and even \$75.

Men could buy their starched neck yokes, the proud product of Troy, for something more reasonable than for a year or so. Collars were going for 25 cents and 30 cents instead of anywhere from 35 cents to half a dollar, depending upon the nerve of the retailer. There was a drop of price of fine neckties in good shops, one well known men's store cutting from \$3.75 to \$2.50 on its first rate scarfs.

The fact is, there is scarcely an article that wasn't affected by the cut—except food. Nothing seems to make much difference with the food price situation, and the Government apparently hasn't found a way to squeeze any food folk for its handy little money mill. But the cuts are here, here enough, in men's wear, women's wear and all the things the kids must have. The prediction is fairly general that the reductions must be maintained, and that they are symptomatic of the beginning of the economic readjustment the country must go through.

Booze in Fish Barrels.

ST. ALBANS, Vt., May 19.—Five hundred bottles of rye and Scotch whiskey were found by United States customs officials in a shipment of seventeen barrels of fish taken from a Montreal train to-day. The liquor was concealed under layers of fish consigned to a Boston address.

COUNTRY SWEEP BY PRICE CUTTING WAVE

Leading Millinery Concern in St. Paul Offers 50 Per Cent. Reduction.

HEAVY SPENDING ENSUES

'No Profit' Sale Instituted in Topeka—Big Slashes in Cincinnati.

Special to THE SUN and NEW YORK HERALD. CHICAGO, May 19.—Price slashing became more general to-day, when it became evident that the New York banks, in response to a pledge given the Federal Reserve Bank, were clamping down the flow of credits in an attempt to make money "tighter." Merchants of the retail trade with large stocks now find themselves required to convert them into cash in order to get funds together for purchase of summer and fall goods. This is given as the explanation for the price cutting movement throughout the country.

Rather than go the limit and conform to the 20 per cent. slicing, which has struck the edge from the high price wave in this city the big State street department stores announced plans for a series of "spring sales," providing more moderate reductions. The mark-downs sales will unload excess winter goods on the market, and it is understood the merchants do not intend to hold any of the stock over for another season.

Called Economic Mistake.

Against the 20 per cent. cut plan merchants of several cities, East and West, raised the argument of bad economic policy. Spread advertisements carried by a Newark, N. J., clothier said the whole movement was an economic mistake, and that to sell at a price that will not pay for the goods purchased at the factories will produce an even worse monetary situation. The remedy, this clothier said, was in greater production.

The movement received its greatest boost of the day when it was announced from St. Paul that the leading millinery concern there—the largest in the Northwest—would put on sale at once at a 50 per cent. reduction \$1,300,000 in stock. Boston retail stores reported a campaign of reductions ranging from 15 to 50 per cent. on some goods, with general cuts of 25 per cent. in cottons, blankets and linens. A few women's stores in Boston chopped half the price away for bargain hunters.

The 20 per cent. underselling chain recruited merchants of Chattanooga, Tenn.; Columbus, Ohio; St. Louis, Mo., and many mid-Western cities. Reports from Cleveland told of a general outpouring of winter stocks on the market at reduced rates. Availability of spending was reported everywhere as a result of the cut, the women's "half price" spring suit proving the greatest drawing card of all. The pressure of the banks was extended by quiet notice to importers and dealers in luxuries, wearing apparel and other that credits would be extended cautiously for a considerable time to come. There was no public announcement of the brakes applied by the banking institutions of the East.

To Sell Without Profit.

Stores in Topeka, Kansas City and Omaha advertised price slashes of 21 to



EGYPTIAN DEITIES

The Utmost in Cigarettes
Plain Leaf or Cork Tip

People of culture and refinement invariably prefer Deities to any other cigarette.

30¢

Magnifico
Makers of the Highest Grade Turkish and Egyptian Cigarettes in the World.

HEARING IS REFUSED TO OUTLAW STRIKERS

Railway Wage Board Acts on Grunau's Plea.

Special to THE SUN and NEW YORK HERALD. CHICAGO, May 19.—A hearing was denied John Grunau, president of the Chicago Yardmen's Association, and officials of other so-called outlaw bodies involved in the recent unauthorized strike before the United States Railway Labor Board, in session here to-day.

When Grunau and his associates appeared before the board with petitions for increased wages they were told their case would not be considered. The outlaws defied orders from the national railroad brotherhoods in going on strike and are held now to have acted unlawfully.

The board's position was explained in a ruling handed down by Judge R. M. Barton, chairman, saying: "The transportation act of 1920, under which the present board acts, expressly names and describes the persons entitled to come before the board, the kind and character of the disputes to be heard and prescribes what the applicable laws must be before being heard. A conference of the parties must be had or sought. When a dispute is properly brought before the board the law directs that the board may hear and act as soon as practicable and with due diligence decide on such dispute properly brought before it."

HOUSE WILL ACCEPT SENATE PEACE VIEW

Special to THE SUN and NEW YORK HERALD. WASHINGTON, May 19.—Republican leaders of the House completed plans to-day to place the resolution declaring peace with Germany and Austria-Hungary in the hands of the President before the end of this week.

Previous plans to ask for a conference with the Senate on the two resolutions of Senator Knox and Representative Porter, as reported by the respective houses, have been abandoned in order that there may be no delay. Republican Leader Mondell said he will ask on Friday or Saturday that the House concur in the Senate amendments to the Porter resolution, which would have the effect of sending the Knox resolution direct to the President.

Johnson Named Alternate.

SAN FRANCISCO, May 19.—United States Senator Hiram W. Johnson was named here to-day as head of the list of alternate delegates which will accompany the regular State delegation pledged to his candidacy for President of the United States to the Republican National Convention in Chicago.

All indications are that the President will veto the resolution, but the Republican leaders are anxious to give him plenty of time to do this before the convention recess, which will begin not later than June 6. No plans for attempting to override the veto will be made until such action is taken by the President.

The movement toward reducing stocks at the expense of prices is general from the Canadian boundary to Mexico and from the Atlantic seaboard to the Pacific. The price cutting movement is being practically ignored in Toronto, Can., although cuts are announced in Montreal as a result of public sentiment against the figures quoted by retailers. One dealer is filling the stores with customers. The cuts on some articles amount to between 30 and 40 per cent. The big stores have made no sweeping reductions on their entire stocks, but have been holding huge sales at specially advertised prices on certain articles. Twenty per cent. reductions in prices are advertised by stores in Atlanta, Ga., and Charleston, S. C.

Situation in Canada.

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Despatches from many interior points

in the United States would seem to indicate that price slashing has not reached the smaller towns as yet. It is admitted that the public has revolted against goods of high cost and that stocks of inferior at high prices have been a drag on the market for the last three months. The country merchants are saying that the example set by the big city stores has made the public restive, and that many persons have decided to postpone buying in the hope of price slashing in the smaller towns.

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I. C. C. PRIORITY RULE ENDING FREIGHT JAM

Normal Traffic in All Parts of Country, Reported to Board.

RAIL EXECUTIVES CONFERENCE

Increased Rates and Adequate Facilities Asked From the Shipping Board.

Special to THE SUN and NEW YORK HERALD. WASHINGTON, May 19.—The use of I. C. C. priority orders and the cooperative efforts of the railroads and shipping interests to break the freight jam are having an effect, according to figures presented to-day to the Car Service Commission by a committee of railway executives. These figures indicated that on April 2, before the outlaw strike, there were 92,000 immobile freight cars. By April 24, the number had increased to 259,000; by May 7 the number had been brought down to 212,000.

Reports to-day were that normal traffic had been restored practically throughout the country and that priority movement of empty cars was relieving the car shortage situation.

A long series of conferences were held by the I. C. C. to-day with a special committee of railway executives, headed by Hale Holden. The railroad men made a number of recommendations for the expediting clearing of car jams, and aided directly in execution of such orders as were issued by the committee. The Commission will remain in Washington during the present emergency.

The committee of bankers appointed at a Federal Reserve Board conference on the transportation issue before the Commission and the Shipping Board resolutions to the effect that upon speedy and satisfactory unjamming of the flow of business credit.

The resolution declared:

"A striking situation exists which can only be relieved through the upbuilding of the credit of the railroads. This must come through adequate and prompt increase in freight rates. Any delay means the paying of a greater cost, directly and indirectly, and places a burden on the credit system which in the approaching time for seasonable expansion may cause abnormal strain. Even under the load of war inflation, high price level and extravagances the bank reserve would probably be sufficient if quick transportation would be assured during the time of the greatest strain."

The resolution adds: "That this conference urge as the most important remedy that the Interstate Commerce Commission and the United States Shipping Board give increased rates and adequate facilities as may be warranted under their authority, and that a committee of five representing the various sections of the country be appointed by the chairman to present this resolution to the Interstate Commerce Commission and the Shipping Board with such verbal instructions as may seem appropriate for the committee."

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United States Government Liberty Bonds and Victory Notes

We keep a supply of the above securities on hand for immediate delivery

	Due June 15, 1947	Yield about
3½%	June 15, 1947	4.10%
1st 4%	June 15, 1947	5½%
2nd 4%	Nov. 15, 1942	5.38%
1st 4½%	June 15, 1947	5.33%
2nd 4½%	Nov. 15, 1942	5.66%
3rd 4½%	Sept. 15, 1928	6.41%
4th 4½%	Oct. 15, 1938	5.80%
5th 3¾%	May 20, 1923	5.65%
5th 4¾%	May 20, 1923	6.70%

These bonds MAY sell lower but are NOW very cheap and will eventually sell at much higher prices

We shall be glad to give further particulars on request

Kidder, Peabody & Co.

17 Wall Street
New York

115 Devonshire Street
Boston

Sinclair Tires

honestly made—honestly sold

Remolding—

The policy of making an HONEST remolded tire originated with the Sinclair Rubber Co. We are not only remolding tires, but we are also remolding public opinion regarding the value of re-made tires.

Due to increased cost of materials, our prices will advance 20%, effective May 15, 1920

Prices as follows:			
80 x 3½	\$10.65	35 x 5	\$26.50
32 x 4	15.65	37 x 5	27.75
84 x 4	16.75	38 x 7 Cord	27.00

Other Sizes in Proportion—Write for Complete Price List

GET IN TOUCH WITH US

SINCLAIR RUBBER CO., Inc.

General Office: 1679 BROADWAY
235 E. 125th St., New York—Service Station, 1234 2nd Ave.

Divorce

as seen through the eyes of the child—a gay and lovable daughter of a solemn college professor and a young and light-hearted wife—is the theme of a new novel brimming with human interest by a novelist whose books have brought happiness to millions of readers.

Ask your bookseller for

Eleanor H. Porter's
MARY MARIE

Illustrated by Houghton Mifflin Co.
\$1.90 net Boston and New York

Franklin Simon & Co.

Fifth Avenue, 37th and 38th Streets

Women's and Misses'

"SUNSHADE HATS"

Make One Hat and One Price Cover & Whole Summer of Occasions

24.00

Tax 90

THE big brimmed, "floppy" hat overshadows the mode of Summer—drooping with flowers, frilled with ostrich, fluted with lace—and always in "Sunshade Brim."

HAIR BRAID
ORGANDIE
TULLE
LEGHORN
LINEN
NEAPOLITAN
DOTTED SWISS

FRENCH MILLINERY SHOP—Fourth Floor



J.M. Gidding & Co.

504-506 and 508 Fifth Avenue, 45th and 47th Sts.

Practically at the beginning of the wearing season, reductions on Smart Spring Fashions average fully TWENTY-FIVE PER CENT

below regular prices—
as, for example:

Day Dresses—Afternoon Gowns

Formerly \$95 to \$245—\$55—\$75—
\$95 to \$145

Of taffeta—tricotine—twill—Georgette crepe—satin—
an extensive collection of smart new effects grouped for prompt disposal.

Tailored and Costume Suits

Formerly \$95 to \$245—\$50—\$75—
\$95 to \$145

A regrouping of the season's smartest styles in the most desirable materials.

Fashionable Coats and Wraps

Formerly \$125 to \$195—\$65—
\$95—\$125

For street, motor or travel—of duvetyne tricotine, twill, and novelty weaves

Street and Dress Hats

Formerly \$30 to \$55—\$15—\$25—\$35
Fruit, flower, wing or bow trimmed styles for semi-dress occasions as well as stunning new effects for dressy wear.

Franklin Simon & Co.

Fifth Avenue, 37th and 38th Street

TO-DAY

An opportunity to save
\$7.50 to \$24.50 on

Women's and Misses'

Separate Silk Skirts

For walking, golfing, tennis or general wear

15.00

1914 PRICE FOR 1920 FASHIONS, FABRICS AND COLORINGS. THIS IS THE FIRST TIME THIS SEASON WE HAVE BEEN ABLE TO SELL SKIRTS LIKE THESE FOR LESS THAN \$22.50 to \$39.50

White, Pastel or Sports Shades

FAN-TA-SI
TUSSATYNE
QUEEN ANNE SATIN
SYMPHONY CREPE
BARONET SATIN
KUMSI-KUMSA
POLO CREPE

The silks from which these skirts are fashioned are selling today at retail from \$7.50 to \$12.75 a yard

FEMININE SKIRT SHOP—Fourth Floor